



FY 2017 Report to the Joint Commission on Governmental Oversight

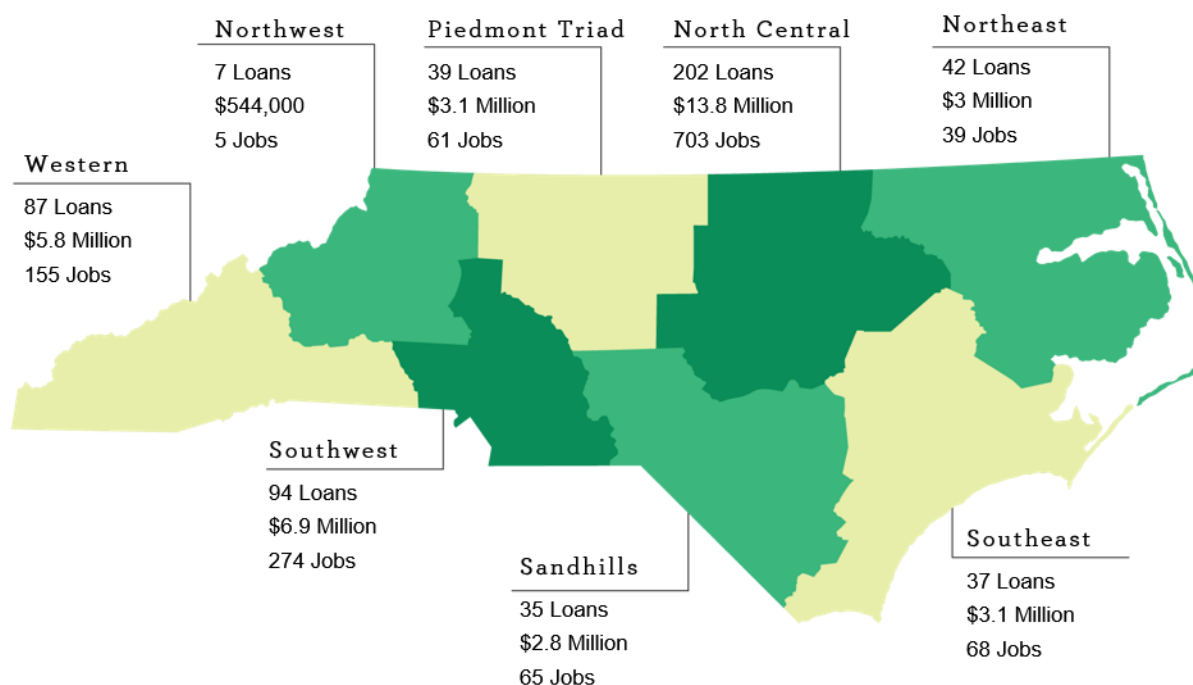
September 1, 2017

Prior State Fiscal Year Program Activities, Objectives and Accomplishments

In Fiscal Year (FY) 2017 Carolina Small Business Development Fund (CSBDF) furthered its efforts to expand access to capital and provide business services to small business in North Carolina. The State of North Carolina's appropriation was a critical component of our success. It provided the resources needed to reach businesses in all regions of the state, and for increasing our impact and leveraging additional investment to support our work and spur small business growth and development. This report details our goals, objectives, and accomplishments by program area.

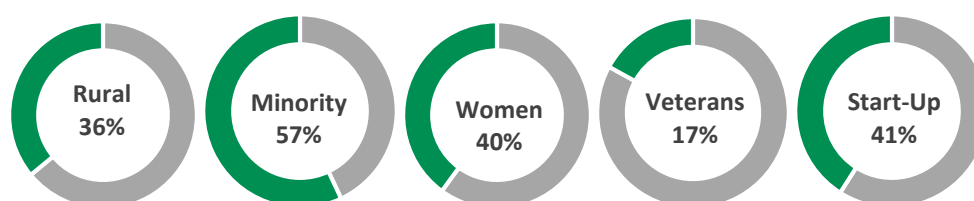
Small Business Lending

In FY 2017, CSBDF made 124 small business loans totaling \$8.3 million across North Carolina. Since starting our Small Business Revolving Loan Fund in Fiscal Year 2011, CSBDF had made 551 loans totaling \$39.3 million (as of June 30, 2017). These loans were made to businesses in each region of our state, as shown in the map below.



CSBDF's small business borrowers have created or retained 1,373 verified jobs across the state. The total impact, however, extends beyond just the loans that CSBDF finances. As these businesses grow and conduct business activity in their communities, they create ripple effects throughout the economy. Our research shows that for every one job created by a CSBDF borrower, .13 jobs are created in the North Carolina economy. The jobs that our loans help to create generated an additional \$7 million in income for North Carolinians, and the jobs that our loans help to retain saved \$2.6 million in income that otherwise would have been lost. This activity would not have taken place, but for the investments made by CSBDF in small businesses.

CSBDF's small business loans have financed businesses that would otherwise face barriers accessing bank loans. Of the loans made in FY 2017, 36 percent of our borrowers were in rural areas, 40 percent were women-owned businesses, 41 percent were startup businesses, 57 percent were minority-owned businesses, and 17 percent were veteran-owned businesses.



Business Services

Research shows that small businesses need both access to capital and business support services to achieve long-term success. CSBDF fills a critical gap in both of these areas. In FY 2017, we expanded our business services offerings to include pre- and post-loan technical assistance, one-on-one business coaching and mentorship, and a broader range of educational opportunities, including workshops and training sessions. We also established new offices in Greenville, Fayetteville, and Rocky Mount. Our specialized program identifies the specific needs of our small business loan applicants, and offers education, training, and one-on-one coaching to increase business skills in areas such as financial management, marketing, business planning, projections, and more.

In FY 2017, we served 654 clients through group trainings, workshops and events and 195 clients through one-on-one coaching, totaling 390 hours of technical assistance delivered.

Western Women's Business Center

Our Western Women's Business Center (WWBC) located in Asheville, NC with women entrepreneurs in the western region through technical assistance, business coaching and mentoring, and a wide variety of workshops, trainings, and networking opportunities. In FY 2017, the WWBC offered courses on topics including bookkeeping, business planning, financial management, marketing, and more. In addition, the WWBC hosts an annual conference that brings together small business owners, community leaders, nationally and locally renowned speakers, entertainers, and experts for a full day of learning and networking. In June 2017, the 3rd Annual WWBC Conference was a sold-out event, with over 200 attendees. In FY 2017 the WWBC served 974 clients through workshops and group trainings and 81 clients through one-on-one coaching, which totaled 281 hours of technical assistance delivered. Since opening its doors in July 2014, the WWBC has served over 2,100 clients in total.

Latino Program

The Latino population in North Carolina is rapidly growing, and in order to respond to the increasing number of Latino-owned businesses, CSBDF launched our Latino Program in October 2016. The *Programa Empresarial Latino* provides lending and business services to Latino businesses through our bilingual and bicultural program

staff. Our website, online application, and marketing materials are all available in Spanish. Since launching the program, we have served 445 clients through workshops and group trainings and 154 clients through one-on-one coaching, totaling 863 hours of technical assistance delivered.

Innovation & Entrepreneurship Center

In January of 2017, CSBDF opened the Innovation and Entrepreneurship Center (IEC) in southeast Raleigh in partnership with Shaw University. The IEC fills a critical gap in services for minority-owned businesses in southeast Raleigh and beyond, providing space for collaboration, incubation, events, and showcasing creative arts. The goal is to leverage the expertise of CSBDF and Shaw University in order to provide critical services to businesses and expand access to entrepreneurial training to Shaw University, aspiring and existing entrepreneurs, and the community at large. The IEC holds classes and events, such as a leadership series; workshop series on topics such as financial management, social media, preparing a loan package, and more; and business networking events. Since opening its doors in January, the IEC has held 20 classes and 14 networking events, with over 1,300 attendees in total.

Leverage

CSBDF's \$2.5 million state appropriation serves as the foundation for attracting additional investment in North Carolina's small businesses. CSBDF has successfully leveraged investment in both our loan fund as well as support for our programs. In the past five years, the state's funding for CSBDF has resulted in significant leverage each year. The chart below shows the leverage we have achieved because of the state funding.

Funds Leveraged, Fiscal Years 2011-2016		
Year	State Award	Leverage
FY 2011-2012	\$2,502,934	\$2,083,640
FY 2012-2013	\$2,543,021	\$2,208,806
FY 2013-2014	\$2,543,021	\$9,255,741
FY 2015-2016	\$2,500,000	\$9,451,067
FY 2016-2017	\$2,500,000	\$12,050,000

In FY2017, CSBDF was awarded an award to the USDA Community Facilities Re-lending program. This investment allowed CSBDF to receive support of operations to operate this program for three years from the UpLIFT America Fund, in partnership with the Mary Reynolds Babcock Foundation. Bank of America provided a Guarantee for this program.

CSBDF was awarded Revolving Loan Funds through the Economic Development Administration to lend in Southeastern North Carolina. In FY2017, Hurricane Matthew hit North Carolina. CSBDF received two grants from Golden LEAF Foundation to help alleviate the suffering in the business community: the first grant was a bridge loan program and the second was to help small businesses that were unable to apply for other disaster relief funding. Bank of America invested in CSBDF to support these efforts.

In addition, our WWBC has been successful in gaining support locally through Buncombe County and the City of Asheville, and nationally through the SBA.